

Minutes of the Finance Committee

Wednesday, March 3, 2010

Chair Haukohl called the meeting to order at 8:30 a.m.

Present: Supervisors Pat Haukohl (Chair), Pamela Meyer, Bill Zaborowski, Jean Tortomasi, Jim Heinrich, Steve Wimmer, and Rob Hutton.

Also Present: Chief of Staff Mark Mader, Legislative Policy Advisor Sarah Spaeth, Criminal Justice Collaborating Council Coordinator Rebecca Luczaj, Senior Financial Analyst Jennifer Carriveau, Senior Financial Analyst Clara Daniels, Budget Manager Keith Swartz, Collections & Business Services Manager Sean Sander, Risk/Purchasing Manager Laura Stauffer, Principal Risk Management Analyst Mark Jatczak, Budget Specialist Linda Witkowski, Senior Financial Analyst Vince Masterson, Treasurer Pam Reeves, Administration Director Norm Cummings, Senior Financial Analyst Bill Duckwitz, Accounting Services Manager Larry Dahl, Administrative Services Manager Russ Kutz, Principal Financial Projects Analyst Cindy Behrens, and Internal Audit Manager Lori Schubert. Recorded by Mary Pedersen, County Board Office.

Approve Minutes of 2-17-10

MOTION: Tortomasi moved, second by Wimmer to approve the minutes of February 17. Motion carried 7-0.

Schedule Next Finance Committee Meeting Date(s)

- March 17

Update on Alcohol Treatment Fees and Revenue Goals

Haukohl said it has been six months since the introduction of the alcohol treatment fees and asked if the concept was working. She referred to the contract procurement process form for Program Support Services of October 2009 which stated: "Participation fees in the amount of \$42,000 (difference between budget amount and contract amount) are part of the underlying revenues that is used for Alcohol Treatment Court Program operations, and any shortage of participation fee revenue would be absorbed by budget dollars available with Funds 150, 010, and 350 within the Health & Human Services budget, where appropriate."

Luczaj distributed copies of "Waukesha County Alcohol Treatment Court Fee Assessment & Collection Summary Statistics – June 1, 2009 to February 28, 2010." She indicated since June 1, 2009 they have enrolled 32 clients in the program using this fee model. Of those, 27 have been assessed a monthly fee and five are pending an assessment. Of the 27, nine are paying \$25 per month, 14 are paying \$50, two are paying \$75, and two are paying \$100. So far, no clients have been assessed at the \$200 per month level. Back in February of 2009 when the fee model was being developed, they had projected most clients would fall between the \$50 and \$100 per month fee. However, the effects of the economy have resulted in a fair number of unemployed clients with the majority of them assessed \$25 or \$50 per month.

Luczaj said total revenue since June of 2009 (through 2-28-10) is \$6,988.68. Revenue has increased since the implementation of this fee system. Typically, they see four or five new clients

per month and with more paying customers they will continue to see an upward trend in revenues. The total cost of the program for 2010 is \$112,592 with \$70,592 being tax levy and \$42,000 in estimated fee revenues. As of February 28, 2010, the collected fees represent 17% of the \$42,000. Carriveau said they believe the \$42,000 goal will be met as caseloads continue to increase which she explained further. Luczaj advised clients cannot graduate from the program unless they are paid in full. Haukohl asked what happens if they don't meet the \$42,000 goal. Luczaj said they discussed this with budget staff and, if necessary, they will look for underspending in other program areas within the CJCC budget.

As suggested by Luczaj, Haukohl asked for semi-annual reports to the Finance Committee on this issue to be scheduled in February and August.

Year-End Report on Collections

Sander discussed his report entitled "Collections Division Delinquent Collection/Referral Analysis: 2009 Year End Report." Total 12-month collections increased 12.1% from 2008 and decreased 0.3% from 2007. Tax intercept payments totaled \$1,158,419 in 2009 versus \$760,229 in 2008. A total of 4,691 tax intercept payments were received on accounts in 2009 compared to 2,943 in 2008. Additional revenue sources identified/implemented by Collections have generated \$1,204,755 of revenues for the County in 2009. The total amount of collections retained by the County for 2009 was \$1,919,683. This compares to \$1,626,440 in 2008 and \$1,981,119 in 2007.

MOTION: Heinrich moved, second by Hutton to accept the year-end report on collections. Motion carried 7-0.

Year-End Report on Claims and Workers' Compensation

Jatzak discussed the year-end report on workers' compensation claims and advised of the 108 claims that opened in 2009, 55 remained open at year-end, and the total incurred was \$460,271. Since 2005, 605 claims have opened and by the end of 2009, 66 remained open, and the total incurred was \$3,612,397. Jatzak and Stauffer highlighted some of the larger claims that opened and closed during the year. Jatzak indicated a key focus right now is a pre-work stretching program for Highway workers to decrease injuries. This type of program has proven successful for other organizations.

Hutton left the meeting at 9:40 a.m.

Stauffer advised during 2009, a total of 19 general liability claims opened and five remained open at year-end. The total incurred was \$19,071. Regarding auto liability, 12 claims opened, two remained open, and a total of \$41,382 was incurred. Stauffer indicated 20 auto physical claims were opened, 10 remained open, and the total incurred was \$65,374. A total of 22 property damage claims were opened, 13 remained open, and a total of \$82,236 was incurred. Since 2005, 546 general liability, auto liability, auto physical damage, and property damage claims have opened and by year-end 2009, 55 remained open. The total incurred was \$2,274,315. Stauffer went on to highlight some of the larger claims that opened and closed in 2009.

MOTION: Zaborowski moved, second by Wimmer to accept the year-end report on claims and workers' compensation. Motion carried 6-0.

Hutton returned at 10:00 a.m.

Capital Projects Cost Performance Report

Witkowski reviewed her report on capital projects which included information on project title/number, project status including percent complete, original appropriation, current year fiscal information, and project balance. No major concerns were raised. Haukohl asked for a future report on the bids for the restroom renovation project.

MOTION: Heinrich moved, second by Tortomasi to accept the capital projects cost performance report. Motion carried 7-0.

Projections of Employee Retirement Sick Leave Payouts

Cummings and Duckwitz discussed this issue as outlined in their handout entitled “2010-2012 Retirement Sick Leave Payout Projection.” Upon retirement, most eligible employees receive a payout for 65% of their accumulated sick leave hours transferred into their post employment health care account. Cummings explained eligibility criteria and advised that sick leave accumulation is capped at 960 hours per employee. Between 2005 and 2009, the annual average number of County employees that retired was 27. The total of all payouts on average are approximately \$326,600 annually. The average sick leave payout per retiring employee is about \$12,100. The retirement rate among eligible employees varies between 13% and 19%. On average, the retirement rate is 16%. Projection assumptions (2010-2012) include the following: on average, employees accumulate 440 hours of sick leave to be paid out; 16% of employees are projected to retire annually (five year average); and employee wage increases range between 1% and 3% annually. Cummings said the County decided to start setting aside money for this in 2003, primarily because baby boomers were nearing retirement age. The total estimated retirement sick leave payout for 2010 through 2012 is \$445,500, \$506,900, and \$528,200 respectively. Cummings said we did very well last year considering we lost a lot of revenues. This reserve has served us well and, fiscally, we are in good shape.

Hutton left the meeting at 10:50 a.m.

Discuss the Importance of Adequate Fund Balance and Solid Financial Management Policies for Maintaining our Bond Ratings

Cummings distributed information on expenditures and undesignated fund balance for the general and special revenue funds from 1985 through 2010. The County will maintain unrestricted fund balances to provide necessary working capital to avoid cash flow interruptions and short-term borrowing to fund daily operations and to maintain the County’s Aaa/AAA bond ratings. The unrestricted governmental (general and special revenue) fund balance to governmental expenditures ratios will be maintained at a minimum of 11%. The current target is 15%, or about eight weeks of working capital for operations. Fund balance reserves will not be used to offset continuous operating costs. To the extent possible, reserves will be used to provide operating efficiencies over the long term.

Discuss ADRC Incident and Countywide Internal Controls

Cummings said the theft of nutrition sites donated funds by an ADRC employee is disappointing. New controls have been put into place. Controls do not prevent but they do deter and should allow for quick detection. Seven of the accounts are with Chase Bank, our current working bank. They

are subaccounts of our general checking account and are no longer separate. Administration staff will identify monthly donation amounts to the treasurer who will electronically move them to our master account. Five accounts are at other banks but Administration staff will monitor them, similar to the Chase account, and these funds will also be electronically transferred.

Dahl said this employee was to write a check from the separate accounts to the County's general account each month. Over several years she forged checks from these accounts to herself. Had her supervisor reviewed the bank statements, which included images of the checks, this would have been caught much earlier. The supervisor has been disciplined. Checks will no longer be written. Administration staff will audit departmental statements on a periodic basis, separate from the departments. There will also be more emphasis on cash handling procedures for employees. Internal questionnaires should help identify problem areas and we informed our outside auditors that we have taken over this function. Cummings referred to internal controls audits and explained how we have strengthened various controls.

After a lengthy discussion, Wimmer and Haukohl asked for an annual review of the various checking accounts, how they are monitored, and if there were any discrepancies.

State Legislative Update

Spaeth distributed copies of the latest State Legislation chart which she highlighted as outlined. There are two regional transit authority bills and each will receive hearings next week by the Transportation Committee. AB 654, which the County opposes, requires local government units to hire a consultant for a project based only on their qualifications. This is on the Assembly calendar for March 4. Spaeth said staff have been working diligently on this and the county executive's chief of staff will be in Madison tomorrow. There has not been much action by the Senate which is good. SB 301 which weakens shoreland zoning requirements (we oppose) was passed by the Senate and is on its way to the Assembly.

Future Agenda Items

- Semi Annual Updates (February and August) on Alcohol Treatment Fees and Revenue Goals (Haukohl)
- Report on Bids for Restroom Renovation, Capital Project 200505 (Haukohl)
- Annual Report on County Checking Account Activities (Wimmer)

MOTION: Wimmer moved, second by Zaborowski to adjourn at 12:10 p.m. Motion carried 6-0.

Respectfully submitted,

Pamela Meyer
Secretary